

## ASX Release

21 December 2010

### Significant Copper-Cobalt results from initial Drilling in Black Fort, South Cloncurry, NW Queensland

Five reverse circulation (RC) holes have been completed on the Black Fort - IOCG - Prospect, within the Orion JV, with four of the five holes returning potentially ore-grade intercepts of copper, cobalt and silver. The better significant assays are as follows:

- **A total of 103 metres of copper mineralisation** intersected in BF10RC02
- **27m @ 0.51% Cu and 505ppm Co** from 128m, including  
**7m @ 1.14% Cu and 967ppm Co** from 136m, and  
**57m @ 0.69% Cu, 288ppm Co and 4.26g/t Ag** from 163m, including  
**12m @ 2.48% Cu and 703ppm Co** from 207m inBF10RC02
- **17m @ 1.08% Cu, 693ppm Co and 1.82g/t Ag** from **near surface**, and  
**17m @ 1.51% Cu, 474ppm Co and 7.22g/t Ag** from **78m** inBF10RC01
- **18m @ 0.38% Cu, 1034ppm Co and 1.75g/t Ag** from **180m**, and  
**7m @ 1.18% Cu, 459ppm Co and 1.22g/t Ag** from **204m** inBF10RC04
- **4 out of 5 holes returned ore-grade intervals, representing an exploration success of 80%**
- **Drilling has confirmed the presence of IOCG (Iron Oxide Copper-Gold) style of mineralisation in Black Fort prospect and Intersected mineralised zones are open along strike and at depth**
- **Geological interpretation is underway and follow-up diamond and RC drilling program up to 5,000m planed for commencement in Q1 2011**

“The Company is very excited with these very significant initial drill results, as we regard this as a ‘green-fields’ discovery. Assay results have confirmed the presence of multiple high-grade copper-cobalt zones over an area of at least of 350m x150m, these mineralised intersections still remain open along strike and at depth. What is more, three of the five holes drilled were stopped in mineralisation,” said Howard Renshaw, Managing Director of QMC. He added, “The very broad (up to 98m at plus 0.5% Cu) envelope outlined by this current drilling campaign indicates the potential for a large IOCG system to be discovered in the project area. We expect to start follow-up drilling in the first quarter next year.”

## **Black Fort prospect– Overview**

Queensland Mining Corporation Ltd (ASX code: QMN) is pleased to announce that encouraging drill assay results have been received from its first RC drill program focused on the Black Fort prospect. This prospect is within the Orion JV over EPM 17602, which replaces EPM 13625 and EPM 13922 and covers a total area of approximately 250km<sup>2</sup>.

The Black Fort prospect is located about 45km south-southwest of Cloncurry in NW Queensland and forms part of the Company's broader White Range exploration project (Figure 1). The project geology comprises calcareous and ferruginous siltstone, shales, phyllite, metavolcanics and jaspilite rocks of the Overhang Jaspilite unit of the Mid Proterozoic Mary Kathleen Group. The sedimentary sequence has been strongly deformed with the development of NE trending folds and NNE striking faults and shear zones showing widespread alteration and brecciation. Mineralisation exposed by costeaning is partly associated with manganese rich siliceous ferruginous phyllite or silicified breccia and copper mineralisation at shallow depth, appears to be in the form of black copper-manganese oxide, which mostly is invisible to the naked eye.

## **Historic exploration carried out by previous owners**

Cyprus Gold Australia (Cyprus) carried out extensive exploration in the early 1990s, mainly for gold mineralisation. Cyprus completed a program of soil, rockchip and costean sampling, including ground magnetics, together with drilling seven RC and diamond holes, which focused on a zone of 0.1-0.3% copper in rockchips. However Costean # 5, which returned 52m @ 0.82% copper including 10m @ 2.41% copper, was not tested (Figure 2).

In 2004, Orion Gold NL (formerly Goldstar Resources NL) carried out the gravity survey, as part of their JV with the tenement holder Findex Pty Ltd. In 2006, Matrix Metals Limited entered into a JV with Goldstar Resources and, in 2007, re-sampled the highly anomalous costean with results confirming Cyprus's tenor of anomalism, but no drilling was carried out. Subsequently QMC purchased the White Range Project, including the Orion JV, from the liquidators of Matrix Metals Ltd.

This RC drill program was aimed at:

- outlining the continuity of mineralisation along strike to the south of the Cyprus fence of drill holes;
- testing the extent of mineralisation at depth beneath the highly anomalous Costean #5; and
- establishing the orientation of the mineralisation intersected in the Cyprus drill holes; and also
- drilling one hole to investigate the source of the gravity high.

In all of these aims this drill program was largely successful.

For more details of the Cyprus exploration program, refer to QMC's ASX Release dated 12 October 2010.

## Details of drill program

The recently completed drill program in Black Fort consists of five RC holes for 1167m. The program was designed to test possible IOCG targets, similar to Xstrata's world-class copper mine at Ernest Henry (167Mt@ 1.1% Cu and 0.5g/t Au, about 80km NE of Black Fort) and Ivanhoe Australia's large copper project at Mt Elliott (475Mt@ 0.5%Cu and 0.3g/t Au, about 50km south of Black Fort). Four out of five holes were drilled against the interpreted near N-S target zone and angled at -60 degrees with one hole (BF10RC03) being drilled vertically into a gravity anomaly. The depths of holes varied from 127m to 300m. The details of drillholes metadata information are presented in Table 1 and their locations are shown in Figure 2.

Assay results returned very significant drill intercepts (Table 2) and four out of five holes report ore grade copper mineralisation, representing a very high exploration success rate of 80%.

Both BF10RC01 and BF10RC02 were drilled on the same E-W section (Figure 3), which is about 100m south of the section Cyprus Gold drilled in 1992. BF10RC01 intersected four zones of mineralisation from near surface, with the best two intervals of 17m@ 1.08% Cu, 693ppm Co and 1.82g/t Ag from 5m and 17m@ 1.51% Cu, 474ppm Co and 7.22g/t Ag from 78m. The ore-grade zones are surrounded by an even broader envelope of 96m@ 0.5% Cu. Importantly, hole BF10RC01 was terminated in mineralisation with the last 6m averaging 0.2% Cu.

BF10RC02 was drilled about 80m behind BF10RC01 and targeted the down dip extension of the same mineralisation encountered in BF10RC01. Five zones of oxide and sulphide copper-cobalt mineralisation were intersected in this hole. The best intervals were 27m @ 0.51% Cu and 505ppm Co from 128m, including 7m @ 1.14% Cu and 967ppm Co and 57m @0.69% Cu, 288ppm Co and 4.26g/t Ag from 163m, including a high grade intercept of 12m@ 2.48% Cu and 703ppm Co from 207m. A very wide copper envelope, up to 98m@ 0.56% Cu, is defined from BF10RC02.

BF10RC04 was an infill hole on the Cyprus Gold drill section (Figure 4), about 100m north of BF10RC02. It intersected three zones of mineralisation grading plus 0.2% Cu. The best interval ran 1.18% Cu, 459ppm Co and 1.22g/t Ag over 7m from 204m downhole depth. BF10RC05 was collared between BF10RC02 and BF10RC04 along strike, returned 11m@ 0.55% Cu, 636ppm Co and 1.77g/t Ag from 191m. Both BF10RC04 and BF10RC05 failed to reach the proposed depth of 300m due to difficult drilling conditions. Both holes were terminated within mineralisation with the last 1m interval of BF10RC04 averaging 0.31% Cu while the last 4m interval for BF10RC05 averaging 0.27% Cu.

BF10RC03 was drilled as a vertical hole but failed to explain the source of the gravity high.

## Terms of the joint venture

The Orion JV over EPM 17602 is split - Queensland Mining Corporation Ltd 70% of 85%, (subject to ratification by Orion Gold), Orion Gold NL 30% of 85%, and Findex Pty Ltd 15% of the total project.

Under the joint venture agreement, upon ratification of earn-in by QMC, Orion Gold need either contribute towards the exploration expenditure on a pro rata basis to retain their respective interests in the JV or proportionally dilute; with Findex's interest being free carried to a decision to mine.

## Future Program at Black Fort Project

QMC is currently developing a 3D geological model of the project, and controlling factors on mineralisation are being evaluated to assist in the planning of a follow-up drilling program. A meeting of the JV partners should ratify a follow-up program to capitalise on this drilling success, with a comprehensive drilling program scheduled to start in first quarter 2011.

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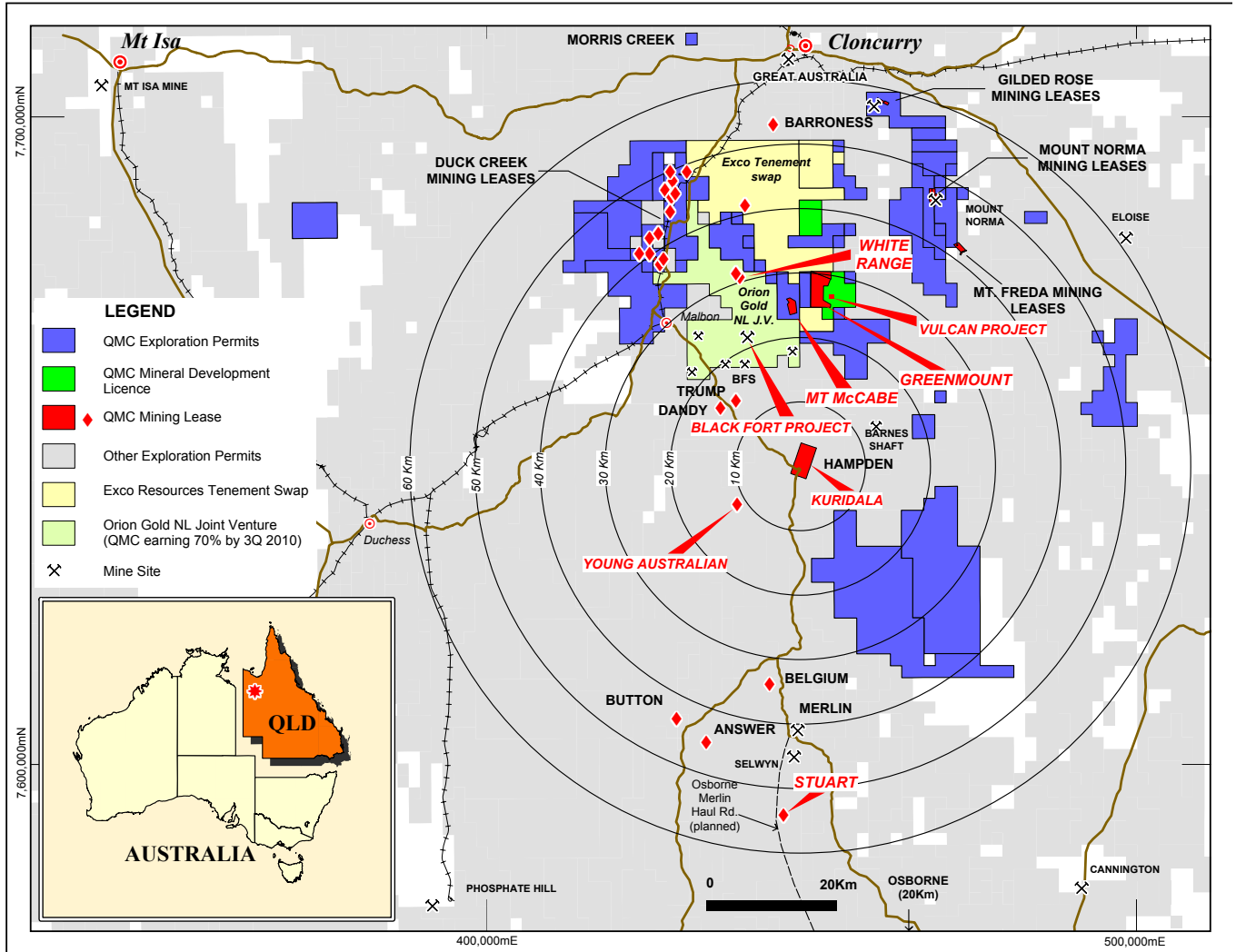
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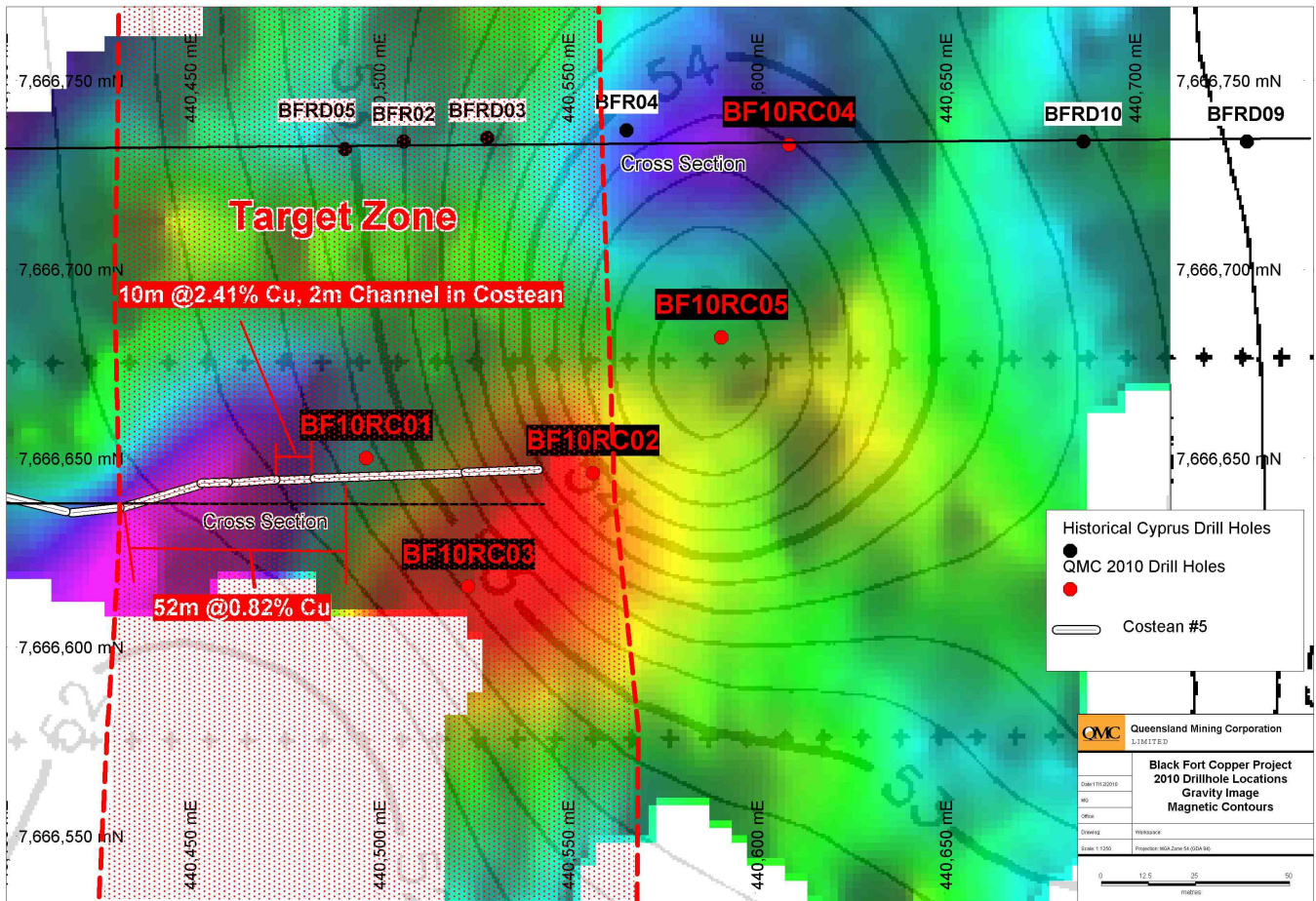
**or visit our Website at: [www.qmcl.com.au](http://www.qmcl.com.au)**

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Guojian Xu, a Member of Australasian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists. Dr Guojian Xu is a consultant to Queensland Mining Corporation Limited through Redrock Exploration Services Pty Ltd. Dr Xu has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Dr Xu consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

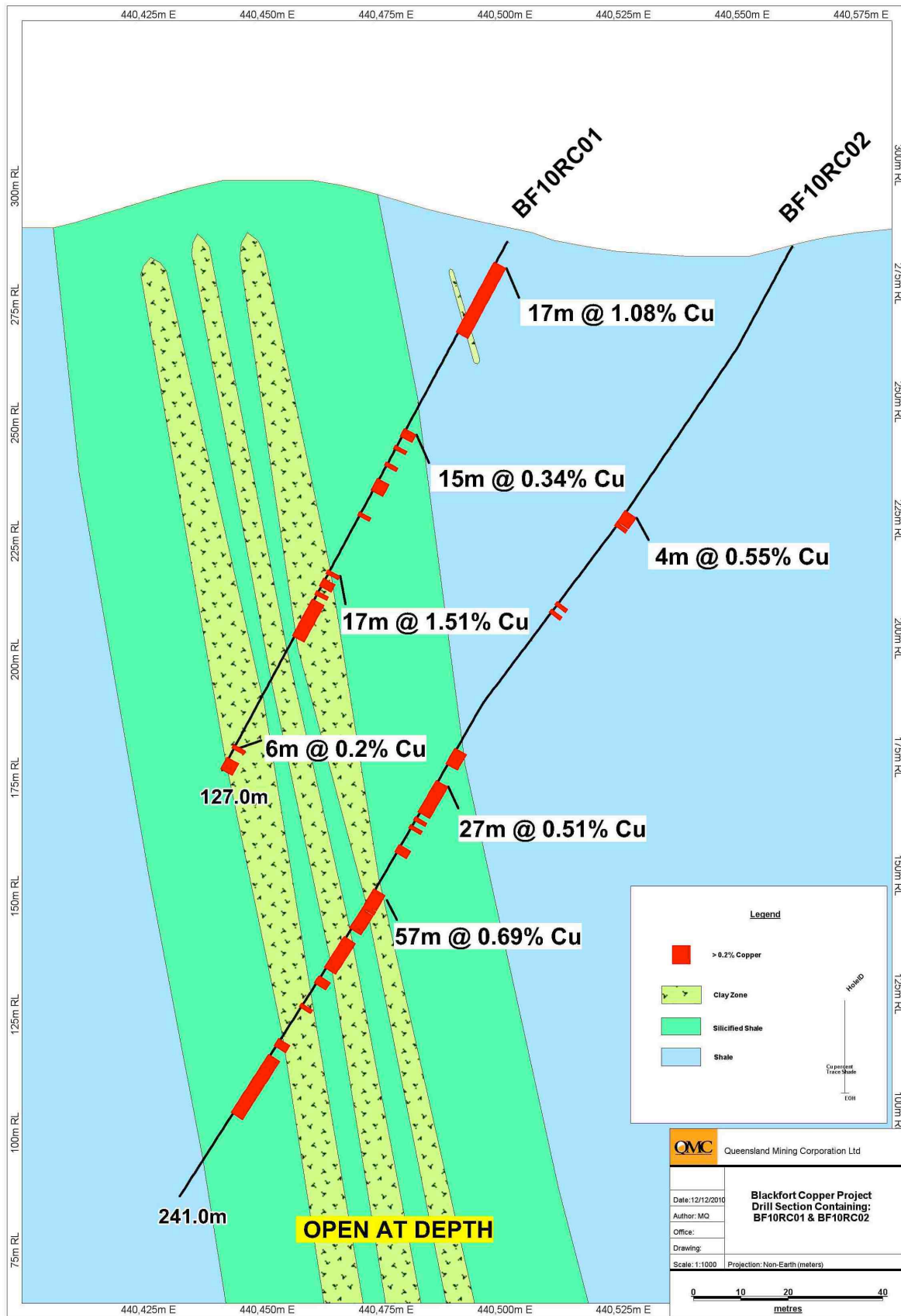
**Figure 1– Plan showing location of the Black Fort Project and other QMC White Range Projects**



**Figure 2 - Drillhole locations and target mineralisation zones (background gravity image with magnetic contours) (historic Cyprus Gold holes in black current QMC holes in red))**



**Figure 3 - Cross section through BF10RC01 & BF10RC02**

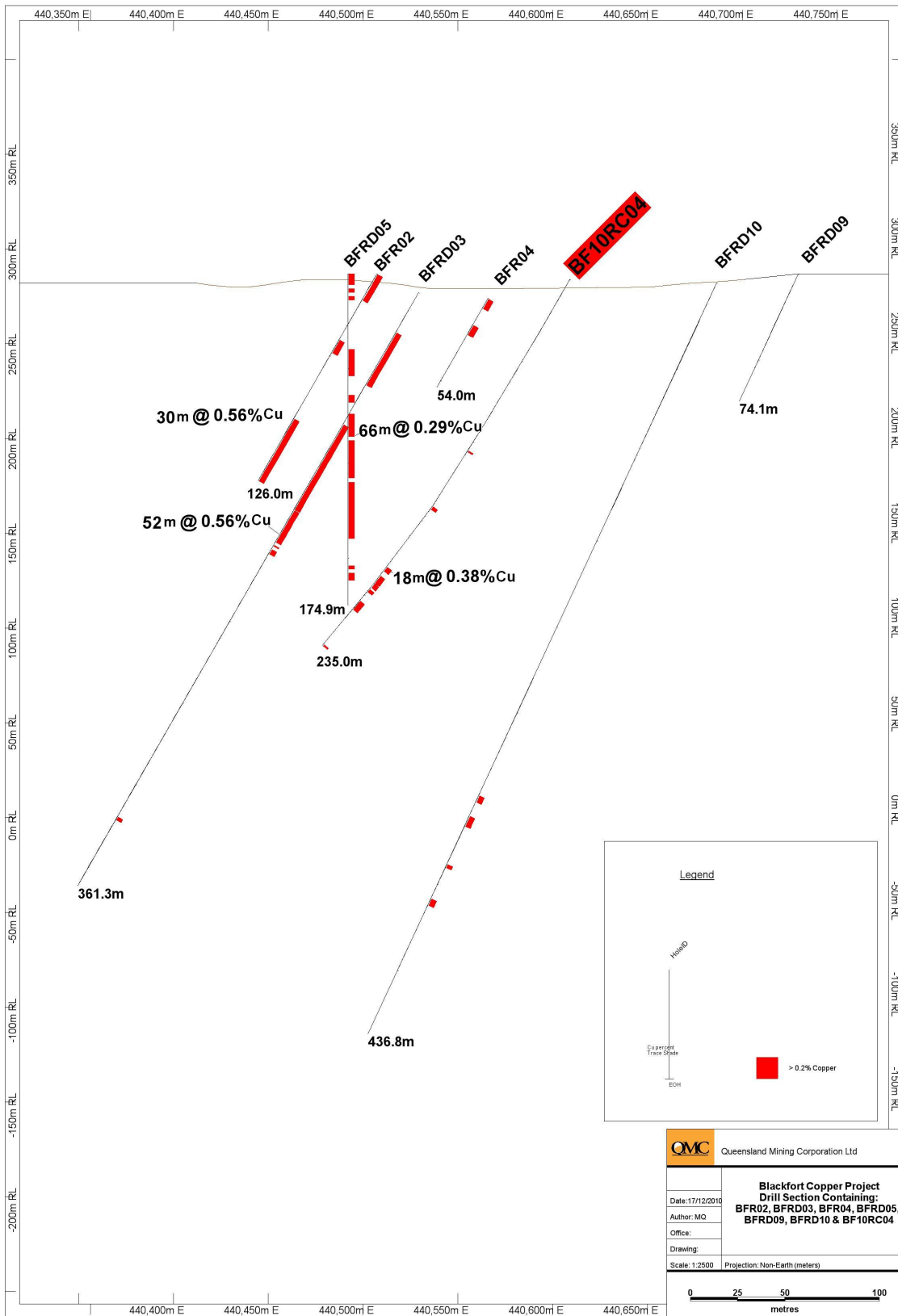


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**Figure 4 - Cross section through historic Cyprus Gold drill holes and BF10RC02**





**Table 1: Black Fort Project – Drillhole Details and Location**

Hole ID	Easting MGA94	Northing MGA94	RL	AZIMUTH Magnetic	Dip (°)	Depth (m)
<b>BF10RC01</b>	440497	7666650	286	264	60	127
<b>BF10RC02</b>	440557	7666646	285	264	60	241
<b>BF10RC03</b>	440524	7666616	285	n/a	90	300
<b>BF10RC04</b>	440609	7666733	284	264	60	235
<b>BF10RC05</b>	440591	7666682	285	264	60	264

**Table 2. Black Fort Project – Important Drill Intersections** (using a 0.2% Cu cut-off grade and 4 m internal dilution. Estimated true widths are approximately 70 - 80% of the drilled interval.)

Hole ID	From (m)	To (m)	Interval (m)	Cu%	Co ppm	Au g/t	Ag g/t
<b>BF10RC01</b>	5	22	17	1.08	693	0.047	1.82
	45	60	15	0.34		0.024	1.16
	78	95	17	1.51	474	0.065	7.22
	121	127	6	0.2	116		
<b>BF10RC02</b>	66	70	4	0.55	400	0.031	1
	90	93	3	0.38	259	0.023	
	128	155	27	0.51	505		
<i>incl.</i>	136	143	7	1.14	967	0.021	
	163	220	57	0.69	288	0.075	4.26
	207	219	12	2.48	703		0.62
<b>BF10RC04</b>	138	142	4	0.32	146	0.03	1.08
	180	198	18	0.38	1034	0.084	1.75
	204	211	7	1.18	459	0.039	1.22
<b>BF10RC05</b>	191	202	11	0.55	636	0.029	1.77
	260	264	4	0.28	224		